

INTRODUCTION: Public Debt Operations

Chapter 31 of Title 31 of the United States Code allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every 4 weeks. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to

mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2, and data for cash management bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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[Source: Bureau of the Public Debt, Office of Financing]

APRIL

Auction of 9-3/4-Year Inflation-Indexed Notes

April 2, 1997, Treasury announced it would auction \$8,000 million of 9-3/4-year 3-3/8 percent inflation-indexed notes of Series A-2007 to raise cash. The 3-3/8 percent notes of Series A-2007 were an additional issue of notes dated January 15, 1997, due January 15, 2007, with interest payable July 15 and January 15 until maturity. Adjusted accrued interest of \$8.43846 per \$1,000, covering the period from January 15, 1997, to April 15, 1997, was payable with each accepted tender.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on April 8, and totaled \$18,062 million, of which \$8,003 million was accepted. All competitive tenders at yields lower than 3.650 percent were accepted in full. Tenders at 3.650 percent were allotted 46 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 3.650 percent with an equivalent adjusted price of 98.307. The median yield was 3.590 percent, and the low yield was 3.450 percent. Noncompetitive tenders totaled \$36 million. Competitive tenders accepted from private investors totaled \$7,967 million.

In addition to the \$8,003 million of tenders accepted in the auction process, \$400 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series A-2007 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

Auction of 2-Year and 5-Year Notes

April 16 Treasury announced it would auction \$17,000 million of 2-year notes of Series AE-1999 and \$12,500 million of 5-year notes of Series F-2002 to refund \$28,449 million of securities maturing April 30 and to raise about \$1,050 million new cash.

The notes of Series AE-1999 were dated April 30, 1997, due April 30, 1999, with interest payable October 31 and April 30 until maturity. An interest rate of 6-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on April 22, and totaled \$41,366 million, of which \$17,009 million was accepted. All competitive tenders at yields lower than 6.460 percent were accepted in full. Tenders at 6.460 percent were allotted 49 percent. All noncompetitive and successful competitive bidders were allotted securities at

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the high yield of 6.460 percent with an equivalent price of 99.843. The median yield was 6.445 percent, and the low yield was 6.400 percent. Noncompetitive tenders totaled \$1,312 million. Competitive tenders accepted from private investors totaled \$15,697 million.

In addition to the \$17,009 million of tenders accepted in the auction process, \$1,300 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$980 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series F-2002 were dated April 30, 1997, due April 30, 2002, with interest payable October 31 and April 30 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on April 23, and totaled \$32,297 million, of which \$12,506 million was accepted. All competitive tenders at yields lower than 6.745 percent were accepted in full. Tenders at 6.745 were allotted 81 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.745 percent with an equivalent price of 99.498. The median yield was 6.729 percent, and the low yield was 6.690 percent. Noncompetitive tenders totaled \$667 million. Competitive tenders accepted from private investors totaled \$11,839 million.

In addition to the \$12,506 million of tenders accepted in the auction process, \$1,200 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$720 million was accepted from Federal Reserve banks for their own accounts.

52-Week Bills

April 18 tenders were invited for approximately \$13,750 million of 364-day Treasury bills to be dated May 1, 1997, and to mature April 30, 1998. The issue was to refund \$13,721 million of maturing 52-week bills and to raise about \$25 million new cash. The bills were auctioned on April 24. Tenders totaled \$66,501 million, of which \$13,949 million was accepted, including \$1,122 million of noncompetitive tenders from the public and \$290 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. An additional \$980 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$5,740 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.72 percent.

Cash Management Bills

March 25 tenders were invited for approximately \$10,000 million of 14-day bills to be issued April 3, 1997, representing an additional amount of bills dated October 17, 1996, maturing April 17, 1997. The issue was to raise new cash. Tenders were opened on April 1. They totaled \$41,764 million, of which

\$10,039 million was accepted. The average bank discount rate was 5.37 percent.

In the same announcement on March 25, tenders were invited for approximately \$17,000 million of 19-day bills to be dated April 3, 1997, and to mature April 22, 1997. The issue was to raise new cash. Tenders were opened on April 1. They totaled \$51,886 million, of which \$17,066 million was accepted. The average bank discount rate was 5.42 percent.

MAY

May Quarterly Financing

April 30 Treasury announced it would auction \$17,000 million of 3-year notes of Series V-2000 and \$12,000 million of 10-year notes of Series C-2007 to refund \$27,442 million of Treasury securities maturing May 15 and to raise about \$1,550 million new cash.

The notes of Series V-2000 were dated May 15, 1997, due May 15, 2000, with interest payable November 15 and May 15 until maturity. An interest rate of 6-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on May 6, and totaled \$35,364 million, of which \$17,001 million was accepted at yields ranging from 6.430 percent, price 99.852, up to 6.449 percent, price 99.801. Tenders at the high yield were allotted 13 percent. Noncompetitive tenders were accepted in full at the average yield, 6.438 percent, price 99.831. These totaled \$967 million. Competitive tenders accepted from private investors totaled \$16,034 million.

In addition to the \$17,001 million of tenders accepted in the auction process, \$1,246 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$2,479 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series C-2007 were dated May 15, 1997, due May 15, 2007, with interest payable November 15 and May 15 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on May 7, and totaled \$22,308 million, of which \$12,001 million was accepted at yields ranging from 6.716 percent, price 99.345, up to 6.759 percent, price 99.037. Tenders at the high yield were allotted 50 percent. Noncompetitive tenders were accepted in full at the average yield, 6.740 percent, price 99.173. These totaled \$383 million. Competitive tenders accepted from private investors totaled \$11,618 million.

In addition to the \$12,001 million of tenders accepted in the auction process, \$200 million was accepted from Federal Reserve banks as agents for foreign and international monetary

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authorities, and \$1,750 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series C-2007 may be held in STRIPS form. The minimum par amount required is \$1,600,000.

Auction of 2-Year and 5-Year Notes

May 21 Treasury announced it would auction \$16,500 million of 2-year notes of Series AF-1999 and \$12,000 million of 5-year notes of Series G-2002 to refund \$28,858 million of securities maturing May 31 and to pay down about \$350 million.

The notes of Series AF-1999 were dated June 2, 1997, due May 31, 1999, with interest payable November 30 and May 31 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on May 28, and totaled \$40,027 million, of which \$16,501 million was accepted. All competitive tenders at yields lower than 6.328 percent were accepted in full. Tenders at 6.328 percent were allotted 42 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.328 percent with an equivalent price of 99.856. The median yield was 6.312 percent, and the low yield was 6.280 percent. Noncompetitive tenders totaled \$1,410 million. Competitive tenders accepted from private investors totaled \$15,091 million.

In addition to the \$16,501 million of tenders accepted in the auction process, \$1,360 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$653 million was accepted from Federal Reserve banks for their own accounts.

The notes of Series G-2002 were dated June 2, 1997, due May 31, 2002, with interest payable November 30 and May 31 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on May 29, and totaled \$33,385 million, of which \$12,001 million was accepted. All competitive tenders at yields lower than 6.616 percent were accepted in full. Tenders at 6.616 percent were allotted 37 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.616 percent with an equivalent price of 99.513. The median yield was 6.600 percent, and the low yield was 6.500 percent. Noncompetitive tenders totaled \$738 million. Competitive tenders accepted from private investors totaled \$11,263 million.

In addition to the \$12,001 million of tenders accepted in the auction process, \$1,000 million was accepted from Federal Reserve banks as agents for foreign and international monetary

authorities, and \$475 million was accepted from Federal Reserve banks for their own accounts.

52-Week Bills

May 16 tenders were invited for approximately \$13,750 million of 364-day Treasury bills to be dated May 29, 1997, and to mature May 28, 1998. The issue was to refund \$13,487 million of maturing 52-week bills and to raise about \$275 million new cash. The bills were auctioned on May 22. Tenders totaled \$48,015 million, of which \$13,777 million was accepted, including \$1,099 million of noncompetitive tenders from the public and \$280 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. An additional \$1,190 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$5,840 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.55 percent.

JUNE

Treasury Announces Change in Frequency of 10-Year Note Auctions

June 9, 1997, the Deputy Secretary of Treasury announced that Treasury would cease offering conventional 10-year notes in the months of July and October, effective immediately.

Auction of 2-Year and 5-Year Notes

June 18 Treasury announced it would auction \$15,500 million of 2-year notes of Series AG-1999 and \$11,500 million of 5-year notes of Series H-2002 to refund \$29,192 million of securities maturing June 30 and to pay down about \$2,200 million.

The notes of Series AG-1999 were dated June 30, 1997, due June 30, 1999, with interest payable December 31 and June 30 until maturity. An interest rate of 6 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on June 24, and totaled \$38,186 million, of which \$15,506 million was accepted. All competitive tenders at yields lower than 6.027 percent were accepted in full. Tenders at 6.027 percent were allotted 90 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.027 percent with an equivalent price of 99.950. The median yield was 6.010 percent, and the low yield was 5.950 percent. Noncompetitive tenders totaled \$1,146 million. Competitive tenders accepted from private investors totaled \$14,361 million.

In addition to the \$15,506 million of tenders accepted in the auction process, \$1,660 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$644 million was accepted from Federal Reserve banks for their own accounts.

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The notes of Series H-2002 were dated June 30, 1997, due June 30, 2002, with interest payable December 31 and June 30 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon e.d.t. for noncompetitive tenders and prior to 1 p.m. e.d.t. for competitive tenders on June 25, and totaled \$36,661 million, of which \$11,500 million was accepted. All competitive tenders at yields lower than 6.298 percent were accepted in full. Tenders at 6.298 percent were allotted 87 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.298 percent with an equivalent price of 99.797. The median yield was 6.290 percent, and the low yield was 6.250 percent. Noncompetitive tenders totaled \$549 million. Competitive tenders accepted from private investors totaled \$10,951 million.

In addition to the \$11,500 million of tenders accepted in the auction process, \$1,060 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and \$478 million was accepted from Federal Reserve banks for their own accounts.

52-Week Bills

June 13 tenders were invited for approximately \$13,000 million of 364-day Treasury bills to be dated June 26, 1997, and to mature June 25, 1998. The issue was to refund \$14,221 million of maturing 52-week bills and to pay down about \$1,225 million. The bills were auctioned on June 19. Tenders totaled \$61,311 million, of which \$13,011 million was accepted, including \$977 million of noncompetitive tenders from the public and \$1,693 million of the bills issued to Federal Reserve banks as agents for foreign and international monetary authorities. An additional \$1,027 million was issued to Federal Reserve banks as agents for foreign and international monetary authorities for new cash. In addition, \$5,375 million was awarded to the Federal Reserve banks for their own accounts. The average bank discount rate was 5.35 percent.

Cash Management Bills

May 27 tenders were invited for approximately \$30,000 million of 14-day bills to be dated June 3, 1997, and to mature June 17, 1997. The issue was to raise new cash. Tenders were opened on June 2. They totaled \$64,243 million, of which \$30,022 million was accepted. The average bank discount rate was 5.25 percent. ◇